

Janice Simmons, *HealthLeaders Media*

For years, many healthcare providers in the Midwest, Pacific Northwest, and various rural areas complained about Medicare's payment system-saying it short-changed them because they were providing equal or even better care at lower costs than elsewhere around the country.

But under new last-minute provisions agreed to under the healthcare reconciliation bill approved by the House on Sunday, this argument may become moot.

The change reflects the work of four of the 30-member congressional "Quality Care Coalition." They are Rep. Jay Inslee (D-WA), Rep. Bruce Braley (D-IA), Rep. Betty McCollum (D-MN), and Rep. Ron Kind (D-WI), who quietly met with administration officials last week.

At stake were changes in the way Medicare is paid. Also at stake were several undecided congressmen among the Quality Care Coalition membership that could put the healthcare reform bill just over the top in the vote set for Sunday.

The discussion focused on two key changes they would like to see in the healthcare reform bill: eliminating geographic disparity in Medicare reimbursement that penalizes efficient, high-quality providers, and altering the Medicare payment system from one that reimburses for quantity of care to one that reimburses for quality.

These areas aren't new territory. Last November, the House included provisions in its reform bill that called for moving from a formula that pays for the volume of tests and procedures performed to a value based formula that emphasizes quality care and cost effectiveness.

Without the same provisions in the Senate reform bill, which the House was voting on, coalition members were concerned. The negotiations lasted through late Friday with the White House's healthcare reform director, Nancy-Ann DeParle, and House Speaker Nancy Pelosi (D-CA). At times, tempers flared inside the House Speaker's conference room. Finally, though, an agreement was reached in the wee hours of Saturday morning.

The regional payment issues proved to be tricky, especially in light of the so called "Cornhusker Kickback"--the Senate bill provision that called for additional Medicaid money to be given to Nebraska. This was eventually removed from the Senate bill following negative public and political reactions.

The move the negotiations took was to push for \$800 million for physicians and hospitals in those states that felt they were disadvantaged under current Medicare payment formulas--until long-term changes could be made by the Obama administration.

This included \$400 million in fiscal 2010 for physician payments under the geographic practice cost index (GPCI) and \$400 million secured to address geographic disparities for hospitals in the lowest quartile of reimbursement.

But there's more. As part of the agreement, the Quality Care Coalition secured a letter from Health and Human Services Secretary Kathleen Sebelius that promised several more steps to change Medicare reimbursement rates for Washington's medical providers:

- * An Institute of Medicine (IOM) study, to be launched April 2010, that will look at how to reform the Medicare system to address geographic disparities for doctors and hospitals; implementation of the IOM recommendations would occur by December 2012.

- * An IOM study, beginning in April as well, based on earlier House passed language making firm recommendations to move toward high-quality, low-cost care across the healthcare sector.

Both of these provisions had been included in the earlier House bill but not the Senate bill. Sebelius made a personal commitment as well to convene a National Summit on Geographic Variation, Cost, Access and Value in Health Care in September later this year.

Additionally, attention was focused on the new Center for Medicare and Medicaid Innovation to further test innovative models to incent high quality, low cost care across the provider spectrum.

"If you want to cut the deficit, if you want to save Medicare, if you want to grow the economy, and if you want to have quality healthcare, the status quo isn't good enough," said Inslee in a

statement.

Added Braley, "This compromise represents a major breakthrough in healthcare reform that will finally reward Iowa's medical providers for the high quality care they've been providing Iowa's families for years."

"After negotiating directly with Speaker Nancy Pelosi and representatives from the White House late Friday into the early hours of Saturday morning," he added, "I'm proud to say the healthcare bill will finally fix these inequities, move us to a better reimbursement model that emphasizes quality over quantity, and helps recruit well qualified healthcare providers."